Program J: Charity Hospital and Medical Center of Louisiana at New Orleans

Program Authorization: R.S. 36:251-259; 1-15 and Act 3 of 1997

PROGRAM DESCRIPTION

The mission of Medical Center of Louisiana at New Orleans and University Hospital is:

1. To provide access to high quality medical care to residents of Louisiana, regardless of income or insurance coverage, and at a level of care appropriate to their medical needs.
2. To maintain facility environments conducive to quality, accredited residency and other health education programs and work cooperatively with Louisiana medical schools and other health education institutions to afford the maximum opportunity for clinical training in the hospitals.
3. To minimize the cost to the State of providing health care to the uninsured by operating its hospitals efficiently, cost effectively, and in accordance with the standards of the hospital industry, and by maintaining a base of patients with third party support, particularly Medicaid.
4. To work cooperatively with other health care programs, providers and groups at the state and community levels in order to maximize the health care resources available to all the citizens of Louisiana.

The goals of Medical Center of Louisiana at New Orleans (MCLNO) and University Hospital are:

1. Prevention: Health care effectiveness with an emphasis on preventive and primary care.
2. Partnership: Integrated health delivery network with internal and external community partners.
3. Performance: Improved management information systems and fiscal accountability.

The Medical Center of Louisiana is New Orleans' major health care system, serving the Greater New Orleans Area, including Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles-East Bank, St. John the Baptist, and St. Tammany parishes with quality health programs at its two campuses: Charity Hospital (which on June 29, 2000 was renamed the Reverend Avery C. Alexander Charity Hospital, after a well-loved late legislator who was committed to the welfare of the hospital) and University Hospital. University Hospital was added to the system when the State of Louisiana purchased it in 1992.

Charity Hospital is one of the oldest of the nation's hospitals. It was established in 1736 with the bequest from a French seaman and merchant, and has been in continuous operation ever since. The hospital is the forerunner of today's system of safety net public hospitals stretching across Louisiana.

The Charity Campus of the Medical Center of Louisiana has, as a major center of excellence, the finest trauma center in the State of Louisiana, designated by the Orleans Parish Health Department as the official trauma center for the parish. In addition, Charity Hospital is the home of the Gulf Coast Research Center, staffed by physicians from the Louisiana State University and Tulane Medical Schools, where state-of-the-art medicine is practiced under ideal staffing and physical circumstances with access to research studies and systems from both institutions. The medical center also has a new 20-bed medical detoxification unit, also named after Reverend Alexander. The facilities provide acute and primary general medical and specialty services including critical care to the indigent, uninsured, Medicare, and Medicaid patients of the hospital's service area.

The hospital provides additional support functions such as pharmacy, blood bank, respiratory therapy, anesthesiology; and various diagnostic services and other support functions of a non-medical nature, such as administration, maintenance, housekeeping, mail service, purchasing, accounting, and admissions and registration.

The facility also maintains a stipend program for medical residents and contracts for physician and anatomical services and works cooperatively with medical schools and other health education institutions to broaden the opportunity for clinical training in the hospital. The hospitals are currently staffed for 585 beds.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

1. (KEY) To continue to provide professional, quality, acute general medical and specialty services to patients in the hospital and maintain the average length of stay of 5.6 days for patients admitted to the hospital.

Strategic Link: This objective reflects the movement toward the achievement of the 1998-2002 Health Care Services Division (HCSD) Strategic Plan Goal 1: *Implement initiatives to improve effectiveness of health care delivery in the HCSD system by enhancing the preventive and primary care components.*

Children's Cabinet Link: MCLNO provides multiple services targeted at the pediatric and adolescent population. Programs, clinics, and services include Pediatric Emergency Room, Inpatient Pediatric Unit and Intensive Care, Pediatric Clinic, HIV Clinic, Diabetes and Asthma management programs, the Women/Infants/Children Program, and immunization program. The preceding list may not be all inclusive.

Explanatory Note: Charity Hospital and Medical Center of Louisiana at New Orleans is a "major" teaching facility.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
S	Number of staffed beds [1]	641 [2]	585	589	585	585	539 [12]
K	Average daily census [3]	Not applicable [4]	489	460	460	489	435 [12]
K	Emergency department visits	204,568 [2]	159,551	169,979	167,979	159,551	141,611 [12]
S	Total outpatient encounters [5]	507,205 [2]	510,396	511,951	511,951	510,396	453,007 [12]
K	Percentage of gross revenue that is outpatient revenue (current year)	Not applicable [4]	29.70%	26.66%	26.66%	29.70%	31.21% [12]
S	Number of staff per patient	Not applicable [4]	8.1	11.7	11.7	8.1	8.7 [12]
S	Average length of stay for inpatients	5.8	6.1	5.9	5.9	6.1	6.1
K	Cost per adjusted discharge [6]	$10,171	$9,645	$10,481	$10,481	$9,645	$8,893 [12]
K	Readmission rate [7]	Not applicable [5]	0.04%	7%	7%	10.5% [8]	10.5%
S	Patient satisfaction survey rating	Not applicable [5]	76.3%	Not applicable [9]	56%	85% [10]	85%
K	JCAHO/HCFA accreditation	98%	89%	100% [11]	100%	100%	100%
K	Salaries and benefits as a percent of total operating expenses [6]	43.21%	44.85%	43.73%	43.73%	44.85%	44.85%
S	Percentage change in gross outpatient revenue as a percent of total revenue	Not applicable [4]	0.66%	-2.20%	-2.20%	0.66%	2.17% [12]

[1] Staffed beds are defined as all adult, pediatric, neonatal intensive care unit, intensive care unit, and psychiatric beds set up and in-service for inpatients on a routine basis. Furthermore, staffed beds do not include newborn bassinets.

[2] HCSD had earlier planned to absorb the FY 1999-2000 $40 million budget shortfall entirely in inpatient days. The impact of such a course of action would have been a wholesale reduction in the number of staffed beds, reducing inpatient days, reducing clinic visits and increasing emergency department visits, because of loss of staff. Performance standards shown in the Executive Budget were adjusted in anticipation of this course of action. Since the standards adjustment occurred, HCSD offset $7 million of the losses with efficiencies and gave the medical centers the responsibility for developing contingency plans to allow them to decide how the cuts might best be made. As a result, the performance standards must be re-adjusted because inpatient days, outpatient encounters, and available (staffed) beds are set much too low, given the current situation and will either be impossible to meet or very easy.

[3] In order for average daily census to be meaningful, it must be understood in context. Actual daily census can be at can be at or over 100% of staffed beds on some high-demand days, and additional beds (over the average daily census) have traditionally been kept available by all hospitals to deal with unanticipated demand.

[4] This performance indicator did not appear under Act 10 of 1999 and therefore had no performance standard for FY 1999-2000.

[5] Total outpatient encounters for FY 2000 was reported as a key performance indicator.

[6] There is great diversity in the level and volume of service provided at medical centers. There is a cost differential inherent in the proportion of primary (non-emergent outpatient care) and secondary services (inpatient services) provided by a hospital. Tertiary services, such as the advanced trauma services provided at MCLNO, add another level of costs that need to be factored in the comparison. Furthermore, six of the nine hospitals under HCSD operation are providing a hospital based medical education, which must also be considered when comparisons for cost per adjusted discharge are made. These factors impact the cost per adjusted discharge and the number of employees per adjusted discharge. Each hospital in the HCSD system should be compared to groups in the nation which are as closely similar as possible in order to get a sense of how well each hospital is functioning. The HCIA 2000 Sourcebook states that the median cost per adjusted discharge for "minor" teaching hospitals is $7,058. Note that the HCIA Sourcebook reflects a standard for 1998, which was adjusted by the medical care inflation rate of 4.3%.

[7] Readmission is defined as total planned and unplanned readmissions for any diagnosis within 32 days.

[8] Readmission rates are calculated by using computerized patient billing records. These records cannot reliably determine readmission rates for same diagnosis. However, readmission for any diagnosis can be accurately obtained, which caused the readmission modification noted above. Therefore, the 2001 performance standard is understated at 7%.

[9] This performance indicator did not appear under Act 11 and therefore had no performance standard for FY 2000-2001.

[10] HCSD is adopting a performance level that will be consistent through all facilities.

[11] The change in performance standard to 100% compliance reflects a change in calculations. The 100% level reflects a pass/fail approach to certification.

[12] Recommended budget level reflects an 11.244% across-the-board cut to accommodate a $72,319,194 cut in UCC and $21,752,331 shortfall in merits and inflation.

2. (KEY) To enroll at least one-third of the eligible diagnosed diabetic, asthmatic, HIV+ and high risk congestive heart failure patients in the Health Care Services Division (HCSD) system into disease management protocols.

Strategic Link: Implements strategic plan goal I initiatives: *To improve the effectiveness of health care delivery in the HCSD system by enhancing the preventative and primary care components.*

Children's Cabinet Link: MCLNO provides multiple services targeted at the pediatric and adolescent population. Programs, clinics, and services include Pediatric Emergency Room, Inpatient Pediatric Unit and Intensive Care, Pediatric Clinic, HIV Clinic, Diabetes and Asthma management programs, the Women/Infants/Children Program, and immunization program. The preceding list may not be all inclusive.

Explanatory Note: Eligible is defined as having the diagnosis and being compliant with the protocol. High risk congestive heart failure is characterized by admission to the hospital or emergency room with congestive heart failure in the past year.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
S	Patients with covered diseases [1]	Not applicable [2]	15,854	17,264	17,264	15,854	15,854
K	Eligible diagnosed patients enrolled	Not applicable [2]	9,856	5,754	5,754	9,856	7,392

[1] This indicator is critically important to measuring the system's success in implementing the disease management initiative. However, eligibility for the initiative is currently calculated differently by each medical center. An important part of the reason for the new strategic plan is to systematize the hospitals, so that comparisons and, therefore, improvements based on sharing information can occur. One step in this process is to agree on and implement a definition for eligibility for disease management. This will take place in the fiscal year and correct eligibility figures will be available for the next Operational Plan.

[2] This performance indicator did not appear under Act 10 of 1999 and has no performance standard for FY 1999-2000.

3. (SUPPORTING) To assess and take steps to ameliorate over utilized or non-existent services within the Charity Hospital and Medical Center catchment area.

Strategic Link: This objective reflects the incremental movement toward the achievement of the 1998-2002 Health Care Services Division Strategic Plan Goal 2: *To implement initiatives to improve coordination with other segments of the Louisiana health care delivery system.*

Explanatory Note: Catchment area is defined as the parishes from which the majority of the hospital's patients are drawn. Catchment areas are as follows: Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, and St. John parishes.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
S	Percentage completion of community needs assessment for the hospital catchment area	Not applicable [2]	100%	100%	100%	100%	100%
S	Number of collaborative agreements signed with other health care providers [1]	Not applicable [2]	26	30	30	26	23

[1] Collaborative agreements have been defined as contracts, cooperative endeavors, or affiliation agreements with health care providers (i.e., hospitals, physicians, nurses, allied health providers or agencies) or health-related entities (i.e., schools, state agencies) outside the HCSD system. Providers holding multiple contracts are counted only once.

[2] This performance indicator did not appear under Act 10 of 1999 and has no performance standard for FY 1999-2000.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1999- 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	$1,056,729	$500,000	$728,498	$728,498	$728,498	$0
STATE GENERAL FUND BY:						
Interagency Transfers	337,625,153	325,911,660	326,149,760	335,055,904	287,632,423	(38,517,337)
Fees & Self-gen. Revenues	14,737,772	13,400,988	14,737,772	14,737,772	14,737,772	0
Statutory Dedications	0	0	0	0	0	0
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	46,617,507	45,423,311	46,617,507	46,617,507	46,617,507	0
TOTAL MEANS OF FINANCING	**$400,037,161**	**$385,235,959**	**$388,233,537**	**$397,139,681**	**$349,716,200**	**($38,517,337)**
EXPENDITURES & REQUEST:						
Salaries	$143,837,175	$123,369,922	$135,416,698	$139,064,583	$124,489,478	($10,927,220)
Other Compensation	11,019,314	10,924,919	10,495,845	10,495,845	9,782,429	(713,416)
Related Benefits	23,818,389	23,618,927	22,431,353	23,160,930	20,814,339	(1,617,014)
Total Operating Expenses	112,565,139	94,344,907	115,365,860	115,808,082	97,143,036	(18,222,824)
Professional Services	30,446,543	30,456,328	31,962,528	33,243,395	30,152,951	(1,809,577)
Total Other Charges	75,206,916	98,615,956	68,656,253	71,166,446	63,133,567	(5,522,686)
Total Acq. & Major Repairs	3,143,685	3,905,000	3,905,000	4,200,400	4,200,400	295,400
TOTAL EXPENDITURES AND REQUEST	**$400,037,161**	**$385,235,959**	**$388,233,537**	**$397,139,681**	**$349,716,200**	**($38,517,337)**
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	4,551	4,392	4,339	4,339	3,822	(517)
Unclassified	0	0	0	0	0	0
TOTAL	4,551	4,392	4,339	4,339	3,822	(517)

SOURCE OF FUNDING

This program is funded with State General Fund, Interagency Transfers, Fees & Self-generated Revenue and Federal Funds. The General Fund represent funding for the dispensing of various outpatient medications which are not reimburseable costs from the Medicaid program and funding for the Tumor Registry. The Interagency Transfers represent Title XIX reimbursement from the Medicaid program for services provided to Medicaid eligible and "free care" patients. The Self-generated Revenue represents insurance and self pay revenues for services provided to patients who are not eligible for "free care". The Federal Funds are derived from Title XVIII, Medicare payments for services provided to Medicare eligible patients.

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
$500,000	**$385,235,959**	**4,392**	**ACT 11 FISCAL YEAR 2000-2001**
			BA-7 TRANSACTIONS:
$228,498	$466,598	(53)	BA-7 # 216 approved for the distribution of Disease Management funds and positions
$0	$2,530,980	0	BA-7 # 217 approved for the increase in Fees & Self-generated Revenues for services provided and for an increase in Federal Funds for grant increases
$728,498	**$388,233,537**	**4,339**	**EXISTING OPERATING BUDGET – December 15, 2000**
$0	$2,229,055	0	Annualization of FY 2000-2001 Classified State Employees Merit Increase
$0	$2,148,407	0	Classified State Employees Merit Increases for FY 2001-2002
$0	($5,459,643)	0	Risk Management Adjustment
$0	$4,200,400	0	Acquisitions & Major Repairs
$0	($3,905,000)	0	Non-Recurring Acquisitions & Major Repairs
$0	$12,206	0	Legislative Auditor Fees
$0	$1,560,348	0	Salary Base Adjustment
$0	($2,702,845)	(89)	Attrition Adjustment
$0	($5,791,358)	(220)	Personnel Reductions
$0	($3,234,965)	0	Salary Funding from Other Line Items
$0	($4,025)	0	Civil Service Fees
$0	($3,139)	0	State Treasury Fees
$0	($23,780,564)	(208)	Other Adjustments - Pro-rata reduction of Uncompensated Care by 9%
$0	($4,709,332)	0	Other Adjustments - Reduction in Uncompensated Care for Operating Expenses
$0	$923,118	0	Other Adjustments - House officer stipend increase to Southern Regional Average
$728,498	**$349,716,200**	**3,822**	**TOTAL RECOMMENDED**
$0	**$0**	**0**	**LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS**
$728,498	**$349,716,200**	**3,822**	**BASE EXECUTIVE BUDGET FISCAL YEAR 2001-2002**
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
$0	$0	0	None

$0	**$0**	**0**	**TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE**
$728,498	**$349,716,200**	**3,822**	**GRAND TOTAL RECOMMENDED**

The total means of financing for this program is recommended at 90.1% of the existing operating budget. It represents 79.1% of the total request ($442,388,516) for this program. The overall decrease is a result of Target Dollar Cuts to Uncompensated Care, a reduction in risk management premiums, and personnel reductions.

PROFESSIONAL SERVICES

$61,100	Boyce and Associates for outpatient revenue enhancement
$21,186	Moses Engineers for architectural and engineering services
$31,100	SMS for technical assistance
$20,000	Healthline Systems, Inc for data collection and documentation for appointment of medical staff membership/privileges through the centralized credentials verification program
$230,000	Total Blood Management for Perfusionist services
$11,800	John Davidson for Physical Therapy services
$3,500	Expedito Bautista for Physical Therapy services
$14,600	Premier Physical Therapy for Speech, Physical, and Occupational Therapy services
$1,600	Therapy Group of New Orleans for Speech, Physical, and Occupational Therapy services
$5,139,674	Van Meter & Associates for management of emergency medical services and physician clinical care coverage
$80,660	Xavier University of Louisiana for clinical Pharmacy services
$20,000	Orleans Parish Medical Society for providing data collection and documentation services
$17,825	Various professionals for on-site educational sessions for JCAHO, conduct 5 day mock JCAHO survey, and maintain regulatory JCAHO compliance standards
$819,000	Tulane University Medical Center for trauma physician services
$150,000	Tulane University Medical Center for Diagnostic services
$1,680,780	Tulane University Medical Center to provide overall Medical direction
$187,200	Tulane University Medical Center for Radiation Oncology physician services
$11,782	Tulane University Medical Center for specialized clinical services
$636,298	Tulane University Medical Center for HIV inpatient and outpatient services
$6,658,364	Tulane University Medical Center for resident supervision and physician services
$9,573,553	Tulane University Medical Center for House Officer salaries
$11,389	Tulane University Medical Center for Administrative Residency Program
$4,635,540	Purchased Medical Care for physician and hospital services
$7,000	Cales and Associates for Network consulting
$7,500	Deaf Action Center for providing interpreters for the hearing impaired

$42,000	Various ministers for chaplain services
$2,000	IMC Consulting Engineers for engineering consultation
$3,500	Dianne Dugue and Bartels & Co. for graphic artist services
$45,600	Ronald Abess for consulting services
$9,000	Michael Palumbo for photographic services
$7,500	George LeBlanc for programming services
$5,000	Professional Security Training, Inc. for security training in firearms
$1,000	Professional Translators & Interpreters for translation of forms into Spanish
$5,900	Elevator Technical Services for elevator inspection consulting services

$30,152,951 TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

$152,702	Legislative Auditor expenses
$612,000	Costs associated with medical stipends and scholarships for Allied Health students in return for pleged services after graduation
$1,392,927	Costs associated with HIV for early intervention program
$466,598	Funding for Disease Management Initiatives
$408,000	Costs associated with the H.E.A.L. daycare center

$3,032,227 SUB-TOTAL OTHER CHARGES

Interagency Transfers:

$10,925,000	Payments to the Office of Mental Health for operation and management of acute psychiatric inpatient unit
$2,790,872	Payments to LSU Medical Center for medical direction and committee chairmanship services
$871,075	Payments to LSU Medical Center for Dental services
$100,000	Payments to LSU Medical Center for Telemedicine services
$3,800,725	Payments to LSU Medical Center for HIV outpatient program
$500,000	Payments to LSU Medical Center for Tumor Registry
$54,500	Payments to LSU Medical Center for EEG's
$296,358	Payments to LSU Medical Center for employee assistance and drug testing program
$493,500	Payments to LSU Medical Center for specialty lab services
$1,536,474	Payments to LSU Medical Center for Rehabilitation services
$16,519,201	Payments to LSU Medical Center for Resident Supervision and Education services
$823,500	Payments to LSU Medical Center for Trauma services
$462,023	Payments to LSU Medical Center for Cardiopulmonary services
$283,551	Payments to LSU Medical Center for Radiation Oncology services

$83,800	Payments to LSU Medical Center for advanced Nurse Practitioner services
$166,455	Payments to LSU Medical Center for Continuity Care Clinic
$17,152,309	Payments to LSU Medical Center for House Officers salaries
$5,800	Payments to LSU School of Medicine for Laboratory services
$381	Payments to LSU Medical Center for supplies
$77,652	Payments to Northeast Louisiana University for Clinical Pharmacy services
$21,327	Payments to Grambling State University for the Administrative Residency program
$2,699,819	Payments to LSU Medical Center for support services
$396,718	Payments to the Department of Civil Service
$38,461	Payments for the Comprehensive Public Training Program
$1,839	Payments to the Treasury Department for bank service charges
$60,101,340	**SUB-TOTAL INTERAGENCY TRANSFERS**
$63,133,567	**TOTAL OTHER CHARGES**

ACQUISITIONS AND MAJOR REPAIRS

$4,200,400	Funding for replacement of inoperable or obsolete equipment
$4,200,400	**TOTAL ACQUISITIONS AND MAJOR REPAIRS**